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SUBJECT: VENEZUELA'S VP DISCUSSES REFERENDUM AND HR CASES,
PROPOSES IMPROVEMENTS IN BILATERAL RELATIONS

CLASSIFIED BY: DCM Steve McFarland, for reason 1.5 (d)

SUMMARY

1. (C) DCM (charge at the time) met July 30 with Venezuelan VP Rangel. Rangel was upbeat and dispassionate on broad range of issues: the referendum, which the GOV will win; international observers, whom he welcomed; campaign violence and intimidation, which he agreed that the GOV and opposition should work to end; extradition; foreign exchange for US companies; the alleged USG role in the April 2002 coup; USG concerns about passports; and the Capriles and Sumate/NED court cases. On the last issue, the VP insisted that the judiciary and prosecutors were independent; he did, however, hear out USG concerns, and subsequently noted them publicly. Rangel urged that the USG and Venezuela talk the day after the referendum to mend their political relationship. DCM said the proposal was interesting, but that events of the next two weeks would influence strongly our ability to improve our relations. The discussion of the Capriles arrest and the Sumate/NED treason accusations established a useful precedent that we hope other governments will follow. End Summary.

Referendum:

2. (C) Rangel, accompanied by chief of staff Rene Arreaza, was confident the GOV will win handily. GOV polling and grassroots presence in the barrios indicated that Chavez would win by 10 or 15 percentage points. The opposition is disorganized and its message unclear; many persons who are not Chavistas will vote to keep Chavez because there is no alternative. The GOV's big concern is that the opposition will not accept the results. The DCM said that we believed that either side could win; this was why there had to be a strong international observer presence. No one disputed Venezuelan sovereignty nor the authority of the CNE, but there was a large sector of the population that needed to hear the opinion of the international observers. Rangel agreed, and said that they were welcome. The DCM also said that the USG believed it was in both the GOV's and opposition's best interests to make every effort to end any intimidation or violence. Rangel agreed, but said he believed that the opposition, or at least part of it, would not accept a loss, whereas the GOV would respect an adverse result. The DCM replied that the USG believed that everyone would have to accept the results of a fair, transparent process. The USG had made clear that it would do so.

Capriles and Sumate/NED cases

3. (C) The DCM told Rangel that he needed to discuss two sensitive cases: the incarceration of opposition mayor Henrique Capriles, and the accusations of treason against NGO (and NED grantee) Sumate. While the DCM was not going to comment directly on a judicial case, the arrest of a prominent opposition mayor, and the allegations of treason against an NGO, sent a very strong message in this electoral environment to foreigners (note: Washington Post editorial had appeared that morning). Was this really the message the GOV wanted to convey? Rangel replied drily that the prosecutors and judges were independent of the executive branch, just as the DCM had earlier noted regarding the US judicial system (see below). The DCM said that in the case of Sumate, the accusations also involved the NED, therefore we -- and senior members of both parties in the US -- felt the need to respond. He stressed the bipartisan nature of the NED; its focus on democracy; its similarities to the German stiftungs. Rangel responded that Venezuelan democracy didn't need such programs; if there were carried out, then they should be carried out in accordance with local law, which Sumate failed to do. The DCM ended by reminding Rangel that the NED accusation would be a prominent part of our bilateral relationship, no matter which party was in power in Washington. He said he understood the GOV's stance, and would transmit it to Washington, but that it was important that the GOV know how much these actions resonated throughout the US,

including prominent leaders in both parties and inside and outside government. The GOV needed to appreciate the implications of pursuing these cases.

Extraditions and Alleged anti-government action in Florida:

14. (C) The DCM noted that MVR Deputy Maduro had made yet again some outrageous statements about the U.S. and the extradition process. The USG rejected such statements. Extradition and asylum requests were judicial processes; they were not politicized, and the USG had a clear interest in keeping it this way. The DCM said that, following up earlier GOV expressions of concern about alleged anti-Chavez activities of the F-4 group in Florida, the FBI was pursuing the issue, but had not yet uncovered any violation of the law. The DCM urged the VP to share with us any information they might have to the contrary. Rangel agreed, and then said that the July 25 Carlos Andres Perez interview was extremely worrisome. CAP was in Miami, and was calling for the violent overthrow of the GOV and for violence against Chavez. He wished that the USG had said something about his interview's prediction/endorsement of violence. The DCM said the USG was on record as denouncing violence and endorsing the terms of OAS res. 833. The DCM reiterated that an effective international observer presence was critical to election results being accepted by whoever loses.

U.S. Companies and Foreign Exchange Controls

15. (U) The DCM reminded the VP that he had told the Ambassador that he would help us contact CADIVI (GOV foreign exchange controls) regarding US companies that needed dollars at the official exchange rate. There were some \$64 million of outstanding US company requests, and CADIVI was putting off meeting with us. The VP instructed his chief of staff to get us a meeting with CADIVI.

Venezuelan Document Control

16. (C) The DCM expressed our concerns about the integrity of the Venezuelan passport issuance system; Rangel replied that he shared those concerns. He hoped that a new contract to provide additional and more tamper-proof passports would reduce the corruption in the passport issuing agency. DCM noted the TDY assistance provided to Venezuelan immigration and customs through INL funded DHS personnel.

Rangel Pitches Improved Relations, and Shrugs Off GOV "Anti-Imperialism"

17. (C) Rangel said that the day after the referendum, Venezuela and the U.S. needed to start discreetly to resolve our differences; there already was a healthy relationship in oil, commerce, and counternarcotics; we needed to put the political relationship on the same footing. If Bush won, he said, he might want to start his new term with an improved relationship with Venezuela; if he did not, he might in any case want to turn over the relationship in better shape. The DCM responded that the events leading up to and after the referendum would be crucial to any improvement our entire relationship, and he reiterated the need to have a fair, transparent referendum process. Rangel understood. The DCM asked how far the two countries could progress on the political side, when the President had announced a few months ago that the revolution was in its "anti-imperialist phase?" Rangel demurred, saying that

not all Americans were imperialist. The DCM asked how the GOV could characterize any of us as imperialist, when it was Venezuela, not the USG, that owned refineries and gas stations in the US, when it was Venezuela that could say whether we could or couldn't use their air space for the (CN support) FOL flights? Perhaps the anti-imperialist analysis made some sense 30 or 40 years ago -- but no longer. Rangel smiled, and he said that Venezuela was in an electoral campaign, and that afterwards we could improve our relations.

And Raises April 2002

18. (C) Rangel said that we needed to keep the past in the past; he noted the GOV's concern about U.S. intervention, including the USG role in the April 2002 coup, for which he had proof. The DCM said that if the GOV had proof, it should publish it; Rangel said he might "put all the cards on the table," but that he didn't want to create another stir. The DCM said it would be better to have all the cards on the table. He told Rangel that while he didn't doubt the VP's sincerity, the USG had investigated the allegations and found nothing; our recent investigations into 9/11 and into the WMD issue showed we could do an honest investigation.

19. (C) Comment:

Rangel was confident and unusually dispassionate. He, like most other Chavistas we've met with in the last weeks, says he's confident the GOV will win -- and he appears to believe it. So, if the GOV loses, or wins by a hair, they will be extremely suspicious and combative. On Capriles and Sumate, Rangel didn't budge -- but we expected no less, given Chavez' personal stake in these cases. Rangel's hearing us out on these cases, however, suggests that he's aware of the cases' negative impact on GOV image. In any case, we have established a precedent of talking with him on these issues that we hope other governments will follow. The fiscalia and to varying degrees the courts are of course beholden to the GOV, and the cases' outcome will depend upon Chavez. Should the GOV win the referendum cleanly, Rangel's reiteration of previous proposals for meetings to discuss the bilateral relationship could be useful.

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